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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

ELI ATTIA AND ELI ATTIA
 ARCHITECT PC,

Plaintiffs,

v.

GOOGLE LLC, FLUX FACTORY, INC.,
 LARRY PAGE, SERGEY BRIN,
 SEBASTIAN THRUN, ERIC "ASTRO"
 TELLER, MICHELLE KAUFMANN,
 JENNIFER CARLILE, AUGUSTO
 ROMAN, NICHOLAS CHIM, AND DOES
 1-100,

Defendants.

AND RELATED COUNTERCLAIMS.

Case No. 5:17-cv-06037-BLF

**PLAINTIFFS' MOTION FOR PARTIAL
 REMAND**

Date: March 8, 2018
 Time: 11:00 a.m.
 Courtroom: 3, 5th Floor
 Judge: Honorable Beth Labson Freeman

(Removed from the Superior Court of the County
 of Santa Clara, California, Case No. 2014-1-cv-
 274103)

State Action Filed: December 5, 2014

TABLE OF CONTENTS

I.	BACKGROUND	1
A.	Plaintiffs’ Claims Against Defendants.....	1
B.	Procedural History in the California State Court.....	4
II.	ARGUMENT	7
A.	The Applicable Legal Standard	7
B.	The State Law Claims of Misappropriation of Trade Secrets and Breach of Contract Raise Novel or Complex Issues of California State Law Appropriately Resolved by California State Courts	8
C.	The State Law Claims Predominate Over the Stayed RICO Claims	13
D.	The <i>Gibbs</i> Factors Involving Judicial Economy, Convenience, Fairness, and Comity Strongly Favor Remand of the State Law Claims.....	14
1.	Judicial Economy.....	15
2.	Convenience.....	16
3.	Fairness	16
4.	Comity.....	17
III.	CONCLUSION.....	18

TABLE OF AUTHORITIES

Cases

<i>A.B.C. Sand & Rock Co., Inc. v. Maricopa Cty.</i> , 2017 WL 2609524 (D. Ariz. June 16, 2017)	16
<i>Acri v. Varian Associates, Inc.</i> , 114 F.3d 999 (9th Cir. 1997)	7, 8, 14
<i>Banner v. Himmelfarb</i> , 858 F.2d 515 (9th Cir. 1988)	17
<i>Borough of West Mifflin v. Lancaster</i> , 45 F.3d 780 (3rd Cir.1995)	14
<i>Contemporary Servs. Corp. v. Landmark Event Staffing Servs. Inc.</i> , 2017 WL 2540310 (C.D. Cal. June 12, 2017)	17
<i>Enochs v. Lampasas County</i> , 641 F.3d 155 (5th Cir. 2011)	passim
<i>Gilbert v. Hensel Phelps Constr. Co.</i> , No. C-00-3941-VRW, 2003 WL 22384773 (N.D. Cal. Sept. 30, 2003)	15
<i>Graf v. Elgin, J. & E. Ry.</i> , 790 F.2d 1341 (7th Cir.1986.)	15
<i>Growth Horizons, Inc. v. Delaware Cty., Pa.</i> , 983 F.2d 1277 (3d Cir. 1993).....	7
<i>Holley v. Harper</i> , 2007 WL 580573 (S.D. W. Va. Feb. 21, 2007)	14
<i>Inge v. Walker</i> , 2016 WL 4920288 (N.D. Tex. Sept. 15, 2016).....	13, 14
<i>Johnson v. Mariani</i> , 2017 WL 2929453 (N.D. Cal. July 10, 2017).....	14, 15
<i>Kaye v. Bd. of Trustees of San Diego Cty. Pub. Law Library</i> , 612 F. Supp. 2d 1146 (S.D. Cal. 2007).....	13
<i>Kisaka v. Univ. of S. California USC</i> , 2017 WL 1960636 (C.D. Cal. May 11, 2017)	17
<i>Levin v. Commerce Energy, Inc.</i> , 560 U.S. 413, 130 S.Ct. 2323 (2010).....	17
<i>Marshall v. MarOpCo, Inc.</i> , 223 F. Supp. 3d 562 (N.D. Tex. 2017)	8

1	<i>Millar v. Bay Area Rapid Transit Dist.</i> ,	
2	236 F. Supp. 2d 1110 (N.D. Cal. 2002)	15, 17
3	<i>Parker & Parsley Petroleum Co. v. Dresser Indus.</i> ,	
4	972 F.2d 580 (5th Cir. 1992)	16
5	<i>Perez v. Wells Fargo Bank, N.A.</i> ,	
6	929 F. Supp. 2d 988 (N.D. Cal. 2013)	15, 17
7	<i>Spirit of Aloha Temple v. Cty. of Maui</i> ,	
8	No. CV 14-00535 SOM/RLP, 2016 WL 347298 (D. Haw. Jan. 27, 2016)	17
9	<i>Steshenko v. Gayrard</i> ,	
10	44 F. Supp. 3d 941 (N.D. Cal. 2014)	17
11	<i>Thatcher Enterps. v. Cache Cnty. Corp.</i> ,	
12	902 F.2d 1472 (10th Cir. 1990)	17
13	<i>United Mine Workers v. Gibbs</i> ,	
14	383 U.S. 715 (1966).....	8, 13, 14, 16
15	<i>Williams v. Montgomery Cty., Md.</i> ,	
16	No. GJH-15-25, 2015 WL 4506806 (D. Md. July 23, 2015).....	16
17	<i>Wisconsin Dept. of Corrections v. Schacht</i> ,	
18	524 U.S. 381 (1998).....	7
19	<u>Statutes</u>	
20	18 U.S.C. § 1962.....	5
21	28 U.S.C. § 1367(c)	7, 8, 13, 14, 15
22	Cal. Civ. Code, § 1640.....	12
23	Cal. Civ. Code, § 3426.....	10

PLEASE TAKE NOTICE that on March 8, 2018 at 9:00 a.m. in Courtroom 3, 5th Floor, United States District Courthouse, 280 South First Street, San Jose, California, before the Honorable Beth L. Freeman, Plaintiffs Eli Attia (“Attia”) and Eli Attia Architect PC (“Attia PC”) (collectively, “Plaintiffs”) will and hereby move the Court to grant this Motion for Partial Remand.

I. BACKGROUND

A. Plaintiffs’ Claims Against Defendants

Plaintiffs filed this action in California Superior Court on December 5, 2014, asserting state law claims for misappropriation of trade secrets, breach of contract and related causes of action against Google and several of its executives and employees (the Google Defendants”) and a company formed by Google now called Flux Factory, Inc., and several of its executives (the “Flux Defendants”).¹

Plaintiffs allege in their original complaint that Attia is a world-renowned architect and majority owner and principal of Attia PC who developed a new technology called “Engineered Architecture” or “EA” which enables the creation of buildings that are more sustainable and of better quality in substantially less time and at greatly reduced costs compared to what is currently possible. Plaintiffs allege that EA employs a method of utilizing intelligent “cells” and “supercells” that represent basic building blocks of architectural design to create buildings dramatically better, faster, with fewer resources, and with less energy and environmental impact than conventional methods.”

In 2009, Attia began looking for a partner to commercialize his EA technology, and on or about July 25, 2010, he was approached by “Google[x],” an affiliate of defendant Google, Inc. (“Google”), through defendant Eric “Astro” Teller. Attia then introduced his EA technology to Google executives Larry Page, Sebastian Thrun, and Sergey Brin. On or about August 8, 2010,

¹ This description of the background of the litigation is largely derived from the California state court’s description of the litigation in its various orders addressing the Defendants’ demurrers to Plaintiffs original and amended complaints. Dkt. 1, Exs. B, D, F.

1 Google proposed and executed with Attia a Non-Disclosure Agreement (“NDA”) permitting
2 Google to use confidential information received from Attia to facilitate technical discussions
3 concerning existing or future product development efforts by the parties. Google also induced
4 Attia to relocate with his family to Palo Alto in late 2010 so that he could work directly at
5 Google’s Mountain View campus.

6 After negotiations with Thurn and Teller on Google's behalf, on January 12, 2011, Attia
7 and Attia PC entered into an Inbound Services Agreement (“ISA”) with Google in which Attia
8 agreed to share, for a limited time, his proprietary information and know-how and help Google
9 translate this information into software, with Google providing software engineers and resources
10 needed to prove the technology's viability and the industry's acceptance of it. Based in the
11 Google[x] development lab, the project was known as “Project Genie.” The ISA included a
12 Statement of Work No. I (the “SOW”), in which Google acknowledged that the “Genie Project
13 was inspired by [Mr. Attia’s] experience and Pre-Existing Intellectual Property.” The SOW
14 describes certain of Attia’s proprietary information and identifies documents that contain Attia’s
15 proprietary information, including “All presentations & brochures,” notes, emails, patents, and
16 “other related intellectual property developed as of the SOW Effective Date.” Under the ISA, any
17 “invention, improvement, development, concept, discovery or other proprietary information” that
18 Attia had an interest in before January 12, 2011 remained his property.

19 Knowing it would need to license Attia’s proprietary information, Google made a request
20 for a non-exclusive, royalty-free, perpetual, irrevocable, worldwide license, which Attia rejected,
21 and then proposed to pay royalties for a non-exclusive license, which Attia rejected as well.
22 Ultimately, Attia agreed to grant Google a “non-commercial” and non-exclusive license to use
23 Attia’s proprietary information only up until the end of June 2012. Google also agreed that, if the
24 “proof of concept” for the Genie Project was successful and Google used any of Attia’s
25 proprietary information developing the project, Google would need to compensate Attia and
26 obtain a non-exclusive license from Attia if it wanted to proceed with a commercial version of
27 Genie.
28

1 Plaintiffs allege that Google used Attia's proprietary EA technology, including trade
2 secrets associated with that technology to develop a prototype software system and to apply for
3 patent protection of various processes used by that system. Plaintiffs allege that Google
4 eventually obtained patents based upon Attia's proprietary technology and trade secrets. In a June
5 2011 confidential report provided by Defendant Thrun to Defendants Page and Brin, the Project
6 Genie team described the Project Genie system using Attia's EA technology as "revolutionary
7 technology for creating sustainable and environmentally friendly buildings, at a quality exceeding
8 anything known," and estimated that the EA technology could halve construction costs of large
9 buildings and skyscrapers, and that the technology had the potential of generating \$120 billion in
10 annual income for Google.

11 At the end of the proof of concept period, however, instead of Google compensating Attia
12 for its use of his proprietary information during Project Genie, the Google Defendants squeezed
13 Attia out of his own project and continued to develop a software system embodying Attia's
14 proprietary information and know-how for their own benefit. By doing so, Plaintiffs allege, the
15 Google breached the ISA and SOW and the Google Defendants misappropriated Attia's trade
16 secrets. Plaintiffs allege the Google Defendants began implementing their plan to squeeze Attia
17 out of the new venture in 2011, and that they pretended to kill the Genie Project by informing the
18 Genie team and Attia on December 7, 2011, that Google would stop working on the project.
19 Plaintiffs allege that, within a week of being informed by Teller that Genie would end, Attia
20 learned that Chim had been speaking to potential partners and investors and was telling them that
21 Attia was no longer involved with Genie, and that he, Chim, had the right to continue the project
22 without Attia. On December 16, 2011, Chim stated to Attia, "I've got the license and control of
23 Genie's IP." On December 21, 2011, Teller sent an email to Attia containing a proposed
24 agreement between Chim and Attia, stating that "the Genie team will continue."

25 In 2012, Google spun-off Project Genie into a new company, Defendant Flux Factory, Inc.,
26 ("Flux Factory"), which was co-founded by Defendants and former Project Genie team members
27 Michelle Kaufmann, Jennifer Carlile, Augusto Roman and Nicholas Chim (collectively the "Flux
28

1 Factory Defendants”). Plaintiffs allege that Flux Factory has been using Attia’s EA technology
 2 including trade secrets associated with that technology in products and services it sells.

3 **B. Procedural History in the California State Court**

4 On January 8, 2015, Plaintiffs’ lawsuit was transferred to the Honorable Judge Kirwan, at
 5 the Complex Civil Litigation Department 1, and the Court issued an order deeming the case
 6 complex and staying discovery. Buether Declaration, Ex. A.

7 On May 29, 2015, the Google Defendants filed a demurrer challenging the legal
 8 sufficiency of most of Plaintiffs’ claims as alleged. After extensive briefing by the parties,
 9 Buether Declaration, Exs. B, C, D, the California state court held a hearing on July 31, 2015, and
 10 issued a detailed 15-page order denying the Google and Flux Defendants’ legal challenges to
 11 Plaintiffs’ misappropriation of trade secret and breach of contract claims. Dkt. 1, Ex. B. The state
 12 court also denied in large part the Defendants’ challenge to the sufficiency of Plaintiffs’ statement
 13 of their trade secrets. *Id.*

14 Plaintiffs filed their First Amended Complaint on November 2, 2015, re-alleging in greater
 15 detail their claims for trade secret misappropriation and breach of contract. *Id.* at Ex. C. On
 16 December 15, 2015, the Google Defendants filed another demurrer challenging the legal
 17 sufficiency of Plaintiffs’ breach of contract and related claims. Buether Declaration, Exs. E, F, G.
 18 The California state court held a hearing on this demurrer on January 12, 2016 and issued an eight-
 19 page order on February 1, 2016, allowing Attia to amend his allegations regarding trade secret
 20 misappropriation to address the Google Defendants’ statute of limitations defense and denying the
 21 Google Defendants’ challenge to Plaintiffs’ claim for breach of the ISA/SOW. Dkt. 1, Ex. D.

22 On February 8, 2016, Plaintiffs filed their Second Amended Complaint. *Id.* at Ex. E. On
 23 March 17, 2016, the Google Defendants filed another demurrer challenging again the sufficiency
 24 of Attia’s claim for misappropriation of trade secrets. Buether Declaration, Exs. H, I, J. The Flux
 25 Defendants joined in the demurrer. *Id.* at Ex. K. The state court held a hearing in this demurrer on
 26 August 12, 2016, and on August 22, 2016, issued a nine-page order denying the Defendants’
 27 challenges to the misappropriation of trade secrets claim. Dkt. 1, Ex. F.
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1 On August 26, 2016, Plaintiffs filed their Third Amended Complaint re-alleging their
2 claims for misappropriation of trade secrets and breach of the ISA/SOW. *Id.* at Ex. G. On
3 September 26, 2017, Defendants answered the Third Amended Complaint. *Id.* at Ex. H. Also on
4 September 26, 2017, Google filed a cross-complaint against Plaintiff Eli Attia Architect, P.C.
5 alleging two exclusively state law claims for breach of contract. On October 26, 2016, Eli Attia
6 Architect, P.C. answered Google's cross-complaint.

7 On May 12, 2017, the Court lifted the stay on discovery in this case that was imposed on
8 January 8, 2015. *See* Ex. AN. On May 12, 2017, the Google Defendants served Plaintiffs with a
9 set of requests for documents, requests for admissions, interrogatories, and form interrogatories
10 and Plaintiffs timely responded and produced documents and answers responsive to those
11 requests. Buether Declaration, Exs. M, N, O, P, Q, R, S. On June 30, 2017, the Flux Defendants
12 served Plaintiffs with a set of their own requests for productions, requests for admissions, and
13 interrogatories. *Id.* at Exs. T, U, V, W, X, Y, Z, AA, AB, AC, AD, AE, AF.

14 Thereafter, the parties submitted to the state court a Joint Case Management Statement and
15 proposed scheduling order. *Id.* at Exs. AG, AH. The Court held a case management conference
16 and issued a Discovery and Scheduling Order. *Id.* at Ex. AI. The Defendants filed an extensive
17 motion to compel regarding their written discovery requests and the state court conducted a
18 lengthy discovery conference addressing the issues raised in that motion. *Id.* at Ex. AJ.

19 On July 25, 2017 – 30 months after the lawsuit was filed – Plaintiffs filed a motion for
20 leave to file an amended complaint adding claims for violation of the Racketeer Influenced and
21 Corrupt Organizations Act ("RICO"), 18 U.S.C. § 1962, alleging that the Defendants, through
22 Project Genie and other activities, operated an illegal enterprise for the purpose of
23 misappropriating the trade secrets of Plaintiffs and other persons. *Id.* at Ex. AK. Plaintiffs sought
24 leave to assert these RICO claims based upon the search of publically available materials,
25 including publications, court records, and other lawsuits against Google relating to Google's
26 misappropriation of intellectual property. Plaintiffs argued that the investigation uncovered
27 substantial evidence showing that Defendants have engaged in a pattern of misconduct similar to
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1 the conduct involving Defendants' misappropriation of trade secrets in this case giving rise to
2 claims for violation of RICO. *Id.*

3 The Google and Flux Defendants opposed Plaintiffs' motion, arguing that "Plaintiffs seek
4 to commence an entirely new case against Defendants," and complained that, "[i]nstead of a
5 (foundering) claim about how Defendants allegedly misappropriated Plaintiff Eli Attia's claimed
6 trade secrets, Plaintiffs now want to assert RICO claims and pursue six other, entirely unrelated
7 cases in which entirely unrelated parties accused one defendant here (Google) of misappropriating
8 entirely unrelated technologies." *Id.* at Ex. AL, pg. 1. The Defendants further argued that "[t]he
9 new allegations in Plaintiffs' proposed Fourth Amended Complaint have nothing to do with their
10 own case." *Id.* at 3.

11 The state court issued a tentative ruling denying Plaintiffs' motion for leave to amend their
12 complaint and add the RICO claims, but, after holding a hearing on August 15, 2017, and
13 receiving additional briefing from the parties, the state court issued an order on October 4, 2017,
14 granting Plaintiffs' motion. *Id.* at Ex. AN. The state court's order observed that, "[i]n its tentative
15 ruling and at the hearing on this matter, the Court expressed its concerns regarding plaintiffs' delay
16 in seeking leave to amend and the prejudice that defendants would inevitably experience in
17 conducting and providing new, expansive discovery on the proposed RICO claims **while** preparing
18 the original claims for trial in September 2018." *Id.* at 8. "To address these concerns," the state
19 court noted, "plaintiffs have proposed that the Court bifurcate the trial in this action so that the
20 RICO claims are tried after the other claims, and stay all discovery on the RICO claims until the
21 original claims are resolved. This proposal eliminates most of the prejudice that defendants would
22 experience if amendment is permitted." *Id.* "On balance," the state court **stated**, "the Court finds
23 that the prejudice to defendants will be relatively limited by plaintiffs' proposal." *Id.* The state
24 court concluded that, "[b]ecause plaintiffs' proposal to bifurcate trial and stay discovery on the
25 RICO claims until the other claims are resolved minimizes the prejudice to defendants, the Court
26 will exercise its discretion to permit the amendment on this condition." *Id.* at 9. Plaintiffs Fourth
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1 Amended Complaint – containing the new RICO claims – was deemed filed and served on
 2 October 4, 2017. *Id.*

3 On October 23, 2017, the Defendants removed the case to this Court. Dkt. 1. Defendants’
 4 removal is based solely on federal question jurisdiction created by the recent addition of Plaintiffs’
 5 addition of the RICO claims to the case. Dkt. 1 at 1, 3-4.

6 II. ARGUMENT

7 A. The Applicable Legal Standard

8 Defendants acknowledge that removal was based exclusively on federal question
 9 jurisdiction and the parties are not diverse. Therefore, this Court may not hear the state law claims
 10 unless it exercises supplemental jurisdiction over those claims. A court may decline to exercise
 11 supplemental jurisdiction over state law claims if (1) the claims raise complex issues of state law,
 12 (2) the claims substantially predominate over the claims over which the district court has original
 13 jurisdiction, (3) the district court has dismissed all claims over which it has original jurisdiction, or
 14 (4) in exceptional circumstances. 28 U.S.C. § 1367(c). [E]xercising discretion and deciding
 15 whether to decline, or to retain, supplemental jurisdiction over state law claims when any factor in
 16 subdivision (c) is implicated is a responsibility that district courts are duty-bound to take
 17 seriously.” *Acri v. Varian Associates, Inc.*, 114 F.3d 999, 1001 (9th Cir. 1997), *supplemented*, 121
 18 F.3d 714 (9th Cir. 1997), *as amended* (Oct. 1, 1997).

19 “Supplemental jurisdiction allows federal courts to hear and decide state-law claims along
 20 with federal-law claims when they are so related to claims in the action within such original
 21 jurisdiction that they form part of the same case or controversy.” *Wisconsin Dept. of Corrections*
 22 *v. Schacht*, 524 U.S. 381, 387 (1998) (citation and internal quotation marks omitted). Under §
 23 1367(c), “district courts may decline to exercise supplemental jurisdiction over a claim under
 24 subsection ... if ... the district court has dismissed all claims over which it has original
 25 jurisdiction.” 28 U.S.C. § 1367(c)(3). In exercising its discretion, “the district court should take
 26 into account generally accepted principles of ‘judicial economy, convenience, and fairness to the
 27 litigants.’” *Growth Horizons, Inc. v. Delaware Cty., Pa.*, 983 F.2d 1277, 1284 (3d Cir. 1993)
 28

(quoting *United Mine Workers v. Gibbs*, 383 U.S. 715, 726 (1966)). *See also Acri v. Varian Associates, Inc.*, 114 F.3d 999, 1001 (9th Cir. 1997) (“While discretion to decline to exercise supplemental jurisdiction over state law claims is triggered by the presence of one of the conditions in § 1367(c), it is informed by the values of economy, convenience, fairness, and comity.”) (*internal citations omitted*).

B. The State Law Claims of Misappropriation of Trade Secrets and Breach of Contract Raise Novel or Complex Issues of California State Law Appropriately Resolved by California State Courts

The state law claims of misappropriation of trade secrets and breach of contract in this case present novel or complex issues of State law under section 1367(c) and are appropriately resolved by the California state courts.

At the outset, it bears emphasis that, after this case was filed in California state court, the court deemed the case “complex” and the case was assigned to the Complex Civil Litigation Division of the court. Buether Declaration, Ex. A. (“[t]he Court determines that the above-referenced case is **COMPLEX** within the meaning of California Rules of Court 3.400.”) (emphasis in the original). California Rules of Court 3.400(a) defines a “complex case” as “an action that requires exceptional judicial management to avoid placing unnecessary burdens on the court or the litigants and to expedite the case, keep costs reasonable, and promote effective decision making by the court, the parties, and counsel.” Among the factors a court must consider in deciding whether an action is a complex case is whether the action is likely to involve “[n]umerous pretrial motions raising difficult or novel legal issues that will be time-consuming to resolve.” California Rules of Court 3.400(b)(1). The Defendants never challenged the designation of this case as “complex” under that rule. Indeed, the docket for this case while it was pending in state court for nearly three years comprises approximately 256 docket entries involving, among other things, three separate demurrers to Plaintiffs’ operative complaint comprising 382 pages of briefing and exhibits, discovery motions comprising 986 pages of briefing and exhibits, and seven hearings before the state court on these and other issues. Buether Declaration, Ex. AN; *See Marshall v. MarOpCo, Inc.*, 223 F. Supp. 3d 562, 573 (N.D. Tex. 2017) (“Here, given the

1 voluminous exhibits, and the extensive state court docket, involving multiple hearings and nearly
2 thirty-five pages of docket entries, this case is clearly complex.”).

3 More specifically, Mr. Attia’s misappropriation of trade secrets claims involve several
4 novel and complex issues concerning whether aspects of his Engineered Architecture technology
5 qualify as protectable trade secrets, whether Mr. Attia waived his right to assert these claims or
6 should be estopped from doing so or is barred from doing so under the applicable California
7 statute of limitations. Specifically, the Defendants contend that “Plaintiff Eli Attia is barred from
8 claiming trade secret misappropriation as to any items of information that were readily
9 ascertainable within the meaning of that defense under California’s Uniform Trade Secrets Act at
10 the time of the alleged misappropriation.” Dkt. 1 – Exhibits H and I at 2. Mr. Attia denies this
11 contention, arguing that his Engineered Architecture trade secrets were incorporated by various
12 Defendants in patent applications in which Google described the claimed inventions as novel, not
13 obvious and not disclosed to or known by the public. Buether Declaration, Ex. F at 13-16.
14 Whether Mr. Attia can be barred from asserting his trade secret misappropriation claims on the
15 ground that his asserted trade secrets were “readily ascertainable,” when the Defendants claimed
16 those trade secrets as novel and patentable inventions raises a complex issue of California trade
17 secret law. The Defendants have not cited any California Supreme Court authority providing firm
18 guidance regarding this issue. If they had such authority, they would have presented it to the
19 California state court in connection with their plethora of demurrers filed in that Court.²

20 The Defendants also contend that the California statute of limitations bars Mr. Attia’s
21 misappropriation of trade secrets claim because “Mr. Attia was aware of facts such that he knew,
22 or should have known, that Google was applying for patents containing information Mr. Attia
23 contends constitute his trade secrets.” Dkt. 1 – Exhibits H and I at 2. Mr. Attia has responded that
24 this defense is without merit because, at the time Mr. Attia executed the assignments to Google of
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27 ² The Fifth Circuit has determined that a Texas state-law claim is novel when there is no guidance
28 from the Supreme Court of Texas. *See Enochs v. Lampasas County*, 641 F.3d 155, 159 (5th Cir. 2011).

1 his patent rights as one of the inventors of the inventions claimed in the patent applications Google
2 had filed, Google had previously promised to Mr. Attia in the ISA that it would make reasonable
3 efforts to negotiate reasonable compensation to Mr. Attia for its use of his proprietary information.
4 Buether Declaration, Ex. F at 14-16. Specifically, the SOW provided that, if the Genie program
5 were successful and any of Attia's Pre-Existing Property was used to develop Genie, "Google, in
6 its sole discretion, will consider seeking an exclusive license and will make reasonable efforts to
7 negotiate for a license to a portion or all of the Pre-existing Property at mutually agreed upon price
8 and terms." Thus, Mr. Attia contends that, at the time he executed the patent assignments, he did
9 not have reason to believe that Google would misappropriate his trade secrets. Only when Google
10 later reneged on its promise to negotiate reasonable compensation to Mr. Attia for its use of his
11 trade secrets in the patent applications – conduct occurring within the statute of limitations period
12 – did Mr. Attia become aware of the Defendants scheme to misappropriate his trade secrets.
13 Buether Declaration, Ex. F at 16-17. The California state court denied the Defendants' demurrer
14 on this statute of limitations ground, pointing out that, "[i]n the SAC, Attia clarifies that the filing
15 of the patent applications was conditionally authorized pursuant to his agreements with Google,
16 and the alleged misappropriation occurred later—according to Attia, when the applications were
17 published without compensation to him," and finding that "the allegations of the SAC do not
18 clearly show that Attia should have suspected the Google Defendants would use his secrets
19 without his consent before late December 2011." Dkt. 1 – Exhibit F at 7. The California state
20 court further pointed out that the Defendants' statute of limitation defense raised an issue
21 regarding whether Google had implied, conditional consent to use Attia's trade secrets during the
22 patent application process, thereby refuting the Defendants' argument that Mr. Attia should have
23 known that the Defendants were misappropriating his trade secrets during this process. *Id.* (citing
24 Cal. Civ. Code, § 3426.1(b)(2)). These complex legal issues regarding the application of the
25 California statute of limitations to Mr. Attia's misappropriation of trade secrets claims, however,
26 remain to be fully litigated and tried. Again, the Defendants have not cited any California
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1 Supreme Court authority providing firm guidance regarding this issue. These complex legal
2 issues should be resolved by the California state courts.

3 The Defendants further contend that Mr. Attia's misappropriation of trade secrets claims
4 are barred by the doctrine of estoppel because "Plaintiffs identified the information now alleged to
5 be trade secrets as publicly available information." Dkt. 1 – Exhibit H and I at 2. This defense
6 refers to the Defendants' last minute, surreptitious addition of the words "Publicly available" to
7 the heading for Exhibit A to the SOW identifying Mr. Attia's "Pre-existing Property" to evade its
8 liability for misappropriating Mr. Attia's trade secrets. In particular, during the negotiation of the
9 terms of the ISA and SOW, the parties exchanged several drafts of the SOW throughout October,
10 November and December of 2011. Dkt. 1, Ex. E at ¶ 33. Each draft of the SOW contained an
11 "Exhibit A" which was entitled "Pre-existing Property" listing a variety of materials described as
12 property owned by Mr. Attia prior to entering into any arrangement with Google to develop
13 Project Genie. *Id.* By January 6, 2011, the parties had worked out all of the terms governing the
14 parties' duties and obligations relating to carrying out Phase One of Project Genie. *Id.* Mr. Attia
15 and his wife were finalizing their plans to move to Mountain View, California, near Google's
16 headquarters, to work with Google on Project Genie. *Id.* The only contract language the parties
17 continued to negotiate was the language describing the background and circumstances leading up
18 to Google's decision to proceed with Project Genie. *Id.* at ¶ 34. Through January 10, 2011, the
19 parties continued to exchange drafts of the ISA and the SOW. *Id.* Each of the drafts continued to
20 contain an Exhibit A entitled "Pre-existing Property" listing materials owned by Mr. Attia prior to
21 entering into any arrangement with Google to develop Project Genie. *Id.*

22 On January 11, 2011, Google's in-house counsel distributed the final, revised draft of the
23 ISA and SOW for the parties to review and approve. *Id.* at ¶ 35. In this final draft, however,
24 Google's in-house counsel, for the first time, altered the heading on Exhibit A of the SOW and
25 inserted the words "Publicly available" in front of the "Pre-existing Property" language which had
26 been in every draft of the SOW since October 2010. *Id.* None of the Google personnel involved
27 in the negotiation or drafting of the SOW mentioned the need or desire to alter the heading of
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1 Exhibit A, or that it had been altered in this final draft. *Id.* Instead, the in-house Google lawyer
2 stressed in her e-mail circulating the final drafts of the ISA and SOW that she made only a “few
3 changes” without mentioning the first-time change to the heading of exhibit to the SOW. *Id.* Mr.
4 Attia was unaware of this change to the heading of Exhibit A and continued to believe that his
5 confidential and propriety information about Engineered Architecture technology was protected
6 from unauthorized disclosure by Google pursuant to the NDA, as Google had previously
7 represented to him. *Id.* The body of the ISA and SOW mentions Mr. Attia’s “Pre-existing
8 Property” at least 12 times without ever using the words “publicly available.” *Id.*

9 Google contends that the last-minute alteration of the heading of Exhibit A by adding the
10 words “publicly available” establishes that Attia’s proprietary Engineered Architecture technology
11 was publicly available and, therefore, not a trade secret. Buether Declaration, Ex. I at 2, 4-5, 12.
12 Mr. Attia contends that, under California law, the caption or heading in a contract does not dictate
13 its legal effect and that only when a contract is ambiguous on a point do courts even consider the
14 language in a caption or heading and, even then, greater weight must be given to the operative
15 contractual clauses of the agreement. *Id.* at 2. Mr. Attia also argues that, in this case, his “Pre-
16 existing Property” is identified in the ISA as “proprietary information.” Furthermore, Mr. Attia
17 asserts that, given the guile by which Google inserted the “publicly available” language into the
18 header on Exhibit A to the SOW, the Court should disregard those words pursuant to Section 1640
19 of the California Civil Code, which provides that “[w]hen, through fraud, mistake, or accident, a
20 written contract fails to express the real intention of the parties, such intention is to be regarded,
21 and the erroneous parts of the writing disregarded.” The California state court denied the
22 Defendants’ demurrer based on their contention that Mr. Attia is estopped from asserting
23 misappropriation of trade secret claims in view of this added language, ruling that “defendants cite
24 no authority for the bold proposition that mislabeling secrets as publicly available in a pre-
25 litigation context is a conclusive admission.” Dkt. 1 – Exhibit F at 7. The complex legal issue of
26 whether Google’s last-minute addition of the “Publicly available” language in the heading on
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1 Exhibit A to the SOW can preclude Mr. Attia from contending that his claimed trade secrets are,
 2 in fact, secret remains to be litigated and should be resolved by California state courts.

3 These are but a few of the complex issues of California contract and misappropriation of
 4 trade secrets law that pervade this case and warrant that Plaintiffs' state law claims be remanded to
 5 California state court for resolution by that court. *See Kaye v. Bd. of Trustees of San Diego Cty.*
 6 *Pub. Law Library*, 612 F. Supp. 2d 1146, 1150 (S.D. Cal. 2007) ("The Court concludes that the
 7 Complaint's fifth cause of action raises a novel or complex issue of State law under section
 8 1367(c) and is appropriately resolved by the state courts.").

9 **C. The State Law Claims Predominate Over the Stayed RICO Claims**

10 Under § 1367(c)(2), this Court may decline to exercise supplemental jurisdiction over a
 11 state-law claim that "substantially predominates over the claim or claims over which the district
 12 court has original jurisdiction." 28 U.S.C. § 1367(c)(2). "[I]f it appears that the state issues
 13 substantially predominate, whether in terms of proof, of the scope of the issues raised, or of the
 14 comprehensiveness of the remedy sought, the state claims may be dismissed without prejudice and
 15 left for resolution to state tribunals." *Gibbs*, 383 U.S. at 726. "[T]he process of determining
 16 whether state law claims 'substantially predominate' over their federal counterparts is far from an
 17 exact science." *Inge v. Walker*, 2016 WL 4920288, at *6 (N.D. Tex. Sept. 15, 2016).

18 In this case, Plaintiffs' state law claims for misappropriation of trade secrets and breach of
 19 contract substantially predominate over the recently added RICO claims which are predicted on
 20 Mr. Attia's claims for misappropriation of trade secrets and have been stayed pending the
 21 resolution of Plaintiffs' state law claims. As explained above, this case had been pending in
 22 California state court for nearly three years and involved only complex state law based claims
 23 including claims for misappropriation of trade secrets and breach of contract. Not until a few
 24 months ago did the state court allow Plaintiffs to amend their complaint to add the Federal RICO
 25 claims to this case, and did so only on the condition that all discovery regarding the RICO claims
 26 be stayed until the original state law claims are resolved, noting that "plaintiffs' proposal to
 27 bifurcate trial and stay discovery on the RICO claims until the other claims are resolved minimizes
 28

the prejudice to defendants.” Dkt. 1 – Exhibit L at 8-9. Plaintiffs have always acknowledged that Mr. Attia’s state law misappropriation of trade secrets claim is a “key predicate act” to Plaintiffs’ RICO claims. Buether Declaration, Ex. AO at 2 (“the parties will not incur any time or cost in connection with discovery relating to Plaintiffs’ proposed RICO claims unless Plaintiff Attia first prevails on his misappropriation of trade secret claim. If Defendants prevail on that essential alleged predicate act, the RICO claims must be dismissed.”).

Thus, as the case is presently postured, the state law claims not only predominate over the RICO claims, they are the only claims to litigate at this time. As the discussion above demonstrates, Plaintiffs’ state law claims are factually and legally complex and involve a plethora of novel or complex issues. In addition, the Defendants have acknowledged that the remedies available to Plaintiffs with respect to their state law claims are substantial and nearly co-extensive with the remedies available to Plaintiffs in connection with their RICO claims. *Id.* at Ex. AL, pg. 14. (“Mr. Attia already has the opportunity to recover treble damages, fees, and costs on his existing UTSA claim.”) *See Holley v. Harper*, 2007 WL 580573, at *5 (S.D. W. Va. Feb. 21, 2007) (Section 1367(c)(2) “should be invoked ‘where a state claim forms the real body of the case, to which the federal claim is only an appendage.’”) (quoting *Borough of West Mifflin v. Lancaster*, 45 F.3d 780, 789 (3rd Cir.1995)). Given that the RICO claims will not be litigated unless and until Mr. Attia prevails on his state law claim of misappropriation of trade secrets, the Court should remand Plaintiffs’ state law claims back to California state court where those state law claims can appropriately be resolved by a California state court.

D. The *Gibbs* Factors Involving Judicial Economy, Convenience, Fairness, and Comity Strongly Favor Remand of the State Law Claims

While discretion to decline to exercise supplemental jurisdiction over state law claims is triggered by the presence of one of the conditions in § 1367(c), that discretion is further informed by “judicial economy, convenience, fairness, and comity” – the “*Gibbs* factors.” *Acri v. Varian Assocs., Inc.*, 114 F.3d 999, 1001 (9th Cir. 1997); *see United Mine Workers of Am. v. Gibbs*, 383 U.S. 715, 726 (1966). *See also Johnson v. Mariani*, 2017 WL 2929453, at *3 (N.D. Cal. July 10,

2017). In this case, each of these factors strongly favor remand of the state law claims to the California state court.

1. Judicial Economy

“Judicial economy [is] the essential policy behind the modern doctrine of pendent jurisdiction.” *Graf v. Elgin, J. & E. Ry.*, 790 F.2d 1341, 1347 (7th Cir.1986.) *See also Millar v. Bay Area Rapid Transit Dist.*, 236 F. Supp. 2d 1110, 1119 (N.D. Cal. 2002). It is intended to avoid the wasteful duplication in parallel proceedings. *Johnson v. Mariani*, 2017 WL 2929453, at *4 (N.D. Cal. July 10, 2017).

In this case, remanding the state law claims to state court would serve the interests of judicial economy. This Court has expended only minimal resources on this case. This case is in its infancy, having been removed to this Court only a few months ago. The Court has not ruled on any motions before considering this motion for partial remand. The Court has not held a Case Management Conference. The Court has not engaged in any substantial legal analysis regarding Plaintiffs’ state law claims that would need to be duplicated or repeated if the Court remanded those claims to state court. *See Perez v. Wells Fargo Bank, N.A.*, 929 F. Supp. 2d 988, 1006 (N.D. Cal. 2013) (“Defendants have each filed motions to dismiss the [Second Amended Complaint], but the Court has not yet ruled on either motion. The trial date is not imminent and, given the novelty of the [Second Amended Complaint], this Court has not performed a substantial amount of legal analysis that would need to be repeated by the state court. There would be no significant loss of judicial economy if this action were remanded.”) *See also Millar v. Bay Area Rapid Transit Dist.*, 236 F. Supp. 2d 1110, 1119 (N.D. Cal. 2002) (“The Court has not performed any substantive legal analysis that will need to be duplicated or re-done by the state court. Accordingly, the factor of judicial economy weighs in favor of remand.”); *Gilbert v. Hensel Phelps Constr. Co.*, No. C–00–3941–VRW, 2003 WL 22384773, at *3 (N.D. Cal. Sept. 30, 2003) (holding that remand was warranted under § 1367(c), even though the court had already “ruled on two motions to remand and one for summary judgment”). The state court, on the other hand has spent nearly three years carefully and extensively analyzing Plaintiffs’ state law claims.

1 The California state court is better suited to rule on the merits of those claims than this
 2 Court. “Needless decisions of state law [by federal courts] should be avoided both as a matter of
 3 comity and to promote justice between the parties, by procuring for them a surer-footed reading of
 4 applicable law.” *Gibbs*, 383 U.S. at 726.

5 Furthermore, given that Plaintiffs’ RICO claims are predicated on a successful outcome on
 6 Mr. Attia’s state law misappropriation of trade secrets claims, judicial economy would be
 7 promoted by a remand of those claims for an initial decision by the state court regarding them
 8 before this Court proceeds with the RICO claims. *See A.B.C. Sand & Rock Co., Inc. v. Maricopa*
 9 *Cty.*, 2017 WL 2609524, at *2–3 (D. Ariz. June 16, 2017) (“As a practical matter, and in the
 10 interest of judicial efficiency, the administrative proceedings and the Arizona constitutional issues
 11 should logically be resolved first; and thereafter, if the state court proceedings do not resolve all of
 12 the issues between the parties, plaintiffs’ federal civil rights claims can be addressed. Until the
 13 underlying claims are resolved, it will be a waste of the parties’ time and money to pursue the
 14 federal civil rights claims.”) Also, given that discovery regarding the RICO claims is stayed
 15 pending the outcome of Mr. Attia’s state law misappropriation of trade secrets claims, there is no
 16 danger of duplicative or inconsistent rulings by the state court and this Court. Thus, remand of the
 17 state law claims to state court will not render remand judicially uneconomical.

18 2. **Convenience**

19 In addition, litigating this action in state court in Santa Clara County will not
 20 inconvenience the Defendants. Google and many of the other Google Defendants are located in
 21 the Santa Clara County area and all of the Defendants have effectively litigated this action in the
 22 Santa Clara County state court for nearly three years. *See e.g., Williams v. Montgomery Cty., Md.*,
 23 No. GJH-15-25, 2015 WL 4506806, at *4 (D. Md. July 23, 2015). The Santa Clara County state
 24 courthouse is a few blocks from the courthouse for this Court.

25 3. **Fairness**

26 The next factor, fairness, “concerns the prejudice to the parties that would arise from
 27 dismissal.” *Parker & Parsley Petroleum Co. v. Dresser Indus.*, 972 F.2d 580, 588 (5th Cir. 1992).
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Defendants cannot provide any reasons why proceeding in a state court forum would be unfair to them or will deprive them of rights provided by this Court. *See Perez*, 929 F. Supp. 2d at 1006 (finding that fairness factor did not weigh in either party's favor where “the state forum will provide just as fair a proceeding as the federal one”). *See also Contemporary Servs. Corp. v. Landmark Event Staffing Servs. Inc.*, 2017 WL 2540310, at *7 (C.D. Cal. June 12, 2017); *Kisaka v. Univ. of S. California USC*, 2017 WL 1960636, at *6 (C.D. Cal. May 11, 2017).

4. Comity

Finally, as to comity, this factor weighs in favor of remand. As discussed above, “[I]t is preferable . . . as a matter of comity (respect for our sister state institutions) for state court judges to apply state law to plaintiff’s state-law claims.”⁸ *Millar v. Bay Area Rapid Transit Dist.*, 236 F. at 1120. *See also Banner v. Himmelfarb*, 858 F.2d 515, 524 (9th Cir. 1988) (“[Principles of comity will be well-served by allowing the state courts to resolve claims solely of state law.”); *Steshenko v. Gayrard*, 44 F. Supp. 3d 941, 958 (N.D. Cal. 2014) (finding that “dismissal promote[d] comity by allowing the California courts to interpret state law concerning the state laws in the first instance”). “Decisions of state law are best left to state courts.” *Contemporary Servs. Corp. v. Landmark Event Staffing Servs. Inc.*, 2017 WL 2540310, at *8 (C.D. Cal. June 12, 2017). Comity recognizes that federal courts are courts of limited subject matter jurisdiction and are often not as suited as state courts to hear state law claims. *Enochs v. Lampasas County*, 641 F.3d 155, 160 (5th Cir. 2011). As another court explained:

Comity presents another reason for this court to decline jurisdiction over this cross-system appeal. “Comity ‘reflects a proper respect for state functions, a recognition of the fact that the entire country is made up of a Union of separate state governments, and a continuance of the belief that the National Government will fare best if the States and their institutions are left free to perform their separate functions in separate ways.’” *Levin v. Commerce Energy, Inc.*, 560 U.S. 413, 130 S.Ct. 2323, 2330 (2010). “Notions of comity and federalism demand that a state court try its own lawsuits, absent compelling reasons to the contrary.” *Thatcher Enterps. v. Cache Cnty. Corp.*, 902 F.2d 1472, 1478 (10th Cir. 1990).

Spirit of Aloha Temple v. Cty. of Maui, No. CV 14-00535 SOM/RLP, 2016 WL 347298, at *9 (D. Haw. Jan. 27, 2016).

III. CONCLUSION

The Court should remand Plaintiffs' state law claims because they raise complex legal issues and predominate over the RICO claims which have been stayed and are predicated on Mr. Attia's state law claims for misappropriation of trade secrets. The *Gibbs* factors involving judicial economy, convenience, fairness, and comity also strongly favor remand of the state law claims. Given that federal courts are courts of limited subject matter jurisdiction and are often not as suited as state courts to hear state law claims, and that needless decisions of state law by federal courts should be avoided both as a matter of comity and to promote justice between the parties, by procuring for them a surer-footed reading of applicable law, this Court should remand Plaintiffs' state law claims to the state court that has spent nearly three years extensively analyzing them.

1 Dated: December 29, 2017

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